

st. lawrence columbia and metals corporation annual report 1972

(NO PERSONAL LIABILITY)

AR49



ST-LAWRENCE
*
COLUMBIUM
AND
METALS CORPORATION

*
**st. lawrence columbium
and metals corporation**

(No personal liability)

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OFFICERS

President:
Jean-Joffre Gourd, Q.C.

Vice-President and General Counsel:
Jean Monette, Q.C.

Vice-President Administration:
Edmond Pontbriand, Eng.

Vice-President Mining:
Laurent Ferland, Eng.

Secretary-Treasurer:
Richard Staines, C.A.

Assistant to the President:
Suzanne H. Lefebvre

Michel Fournier
Banque de l'Indochine, Paris, France

Jean-Joffre Gourd, Q.C.
Advocate, Montreal

Jean Monette, Q.C.
Advocate, Montreal

Peter N. Thomson
Executive, Montreal

J. Emerson Thors,
Kuhn, Loeb & Co., Investment Bankers, New York

Henry J. Wolff
Chadbourne, Parke, Whiteside & Wolff, Attorneys, New York

Executive Offices:
Dominion Square Building
1010 St. Catherine St. W., Montreal 110,
Quebec, Canada

Mine Office:
Oka, Quebec

Bankers:
Canadian Imperial Bank of Commerce

Capital Stock:
Authorized: 5,000,000 common shares
Issued and paid up: 3,053,016 shares
Shares listed:
Canadian Stock Exchange, Montreal
Transfer Agent:
Canada Permanent Trust Company, Montreal and Toronto

BOARD OF DIRECTORS

JUNE 1973

TO THE SHAREHOLDERS



The fiscal year ended September 30, 1972, marked the return of more favourable conditions for your company.

The world market for columbium continues to be very strong — consumption is estimated to increase by 15% annually. This demand can be amply satisfied from the established reserves of the two principal producers for many years to come. Prices for columbium have been improving since March, 1972 and at present are at the highest level in the history of your company.

Following a 15-month period of low tonnage operations and reduced mine development, numerous difficulties were overcome in bringing the plant back to the present milling rate of 2200 tons per day and consequently the fourth quarter brought about a return to profitable operations.

Financial results for the twelve months ended September 30, 1972, showed a net loss after depreciation, of \$357,351. Results for the first six months of the current fiscal year, while showing a net profit, did not come up to expectations because of labour problems which arose during that period.

The contract with the union representing our employees expired November 17, 1972. Negotiations were accompanied by production slowdowns and we were affected by a strike, which lasted from January 10 to February 9 of this year. Operations resumed February 12 and were back to normal by the end of that month. A new three-year labour agreement has restored good relations with our employees.

Progress in perfecting the new improved flow-sheet in the concentrator continues. The work has been slow as numerous difficulties in treating the ore required solutions to achieve higher recoveries. A test circuit treating approximately 300 tons per day — a portion of regular mill feed — entirely iso-

lated from the main flow-sheet, continues to provide encouraging results with strong indications that the improved recoveries will support a decision to install the new flow-sheet in the main circuit.

Consistent with good mine management and avoiding heavy expenditures for exploration and development years in advance of production, our proven reserves of 7.0 million tons — more than eight years of production at current rate— represent a sound and basic footing on which to build your company's future.

Because of growing demand for our product, we initiated an exploration program that has already met with marked success. Our drilling has now advanced to the point where we confidently predict that our reserves could be doubled should we be required to prove them. Furthermore, we are organizing to increase capacity up to 3000 tons per day.

Your directors believe that the financial results of the second half of the present fiscal year will reflect more fully the favourable market conditions for columbium. Operations therefore will be profitable for your company.

On behalf of the Board

A handwritten signature in dark ink, appearing to read "J.J. Gourd". The signature is fluid and cursive, with a long horizontal stroke at the end.

J.J. Gourd
President

COMPANY PROFILE

St. Lawrence Columbium and Metals Corporation, a publicly-owned company, is the only primary producer of columbium concentrates in North America. Its annual milling capacity was increased to 2200 tons per day in 1972 and a further increase to 3000 tons per day is planned by the end of 1974.

St. Lawrence Columbium continues its integration program which includes increased production of ferro-alloys, production of by-products and the possible retreatment of mill tailings.

Through subsidiaries and affiliated companies, St. Lawrence Columbium is actively engaged in exploration and development work for such metals as copper, silver, zinc and iron ore.

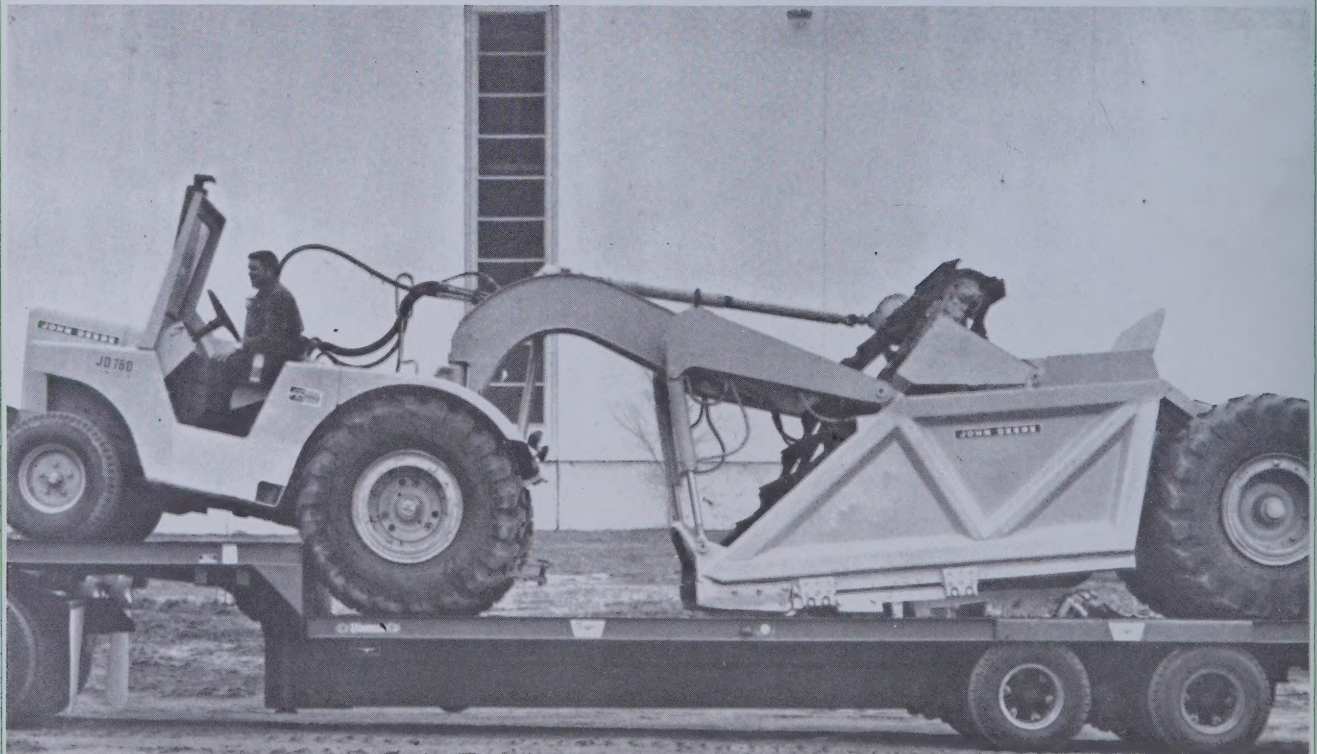
St. Lawrence Columbium was formed in 1960 and started production in 1961 at its Oka mine. Since that time, it has established itself as one of the world's two primary producers of columbium concentrates.

The company has close to 3500 shareholders. The shares are listed on the Canadian Stock Exchange.

COMPARATIVE SUMMARY

Fiscal years ended September 30

		1972	1971	1970	1969	1968
Tons milled		589,147	408,500	724,345	475,201	360,194
Value of production (Note)	\$	3,309,733	2,737,333	5,394,078	3,188,418	2,004,935
Cost of production (Note)	\$	3,096,349	2,381,774	3,501,151	2,531,373	1,652,579
Administrative and selling expenses, interest and mining duties	\$	276,178	322,393	335,920	219,465	228,187
Profits before depreciation and amortization	\$	(62,794)	33,166	1,557,007	437,580	124,169
Depreciation and amortization	\$	294,557	302,377	499,930	332,220	256,511
Net profit (loss) for the year	\$	(357,351)	(269,211)	1,057,077	105,360	(132,342)
Net profit (loss) per share		(11.7¢)	(9¢)	34.6¢	3.5¢	(4.3¢)



Equipment —
Hydraulic ramp hoist semi-trailers

Note:

Value of production is restated to include all products while figures previously reported covered only concentrates plus gross profit on other products. Cost of production is restated to include all products while figures previously reported covered only concentrates.

Underwater corrosion —
Platinum-clad columbium anodes

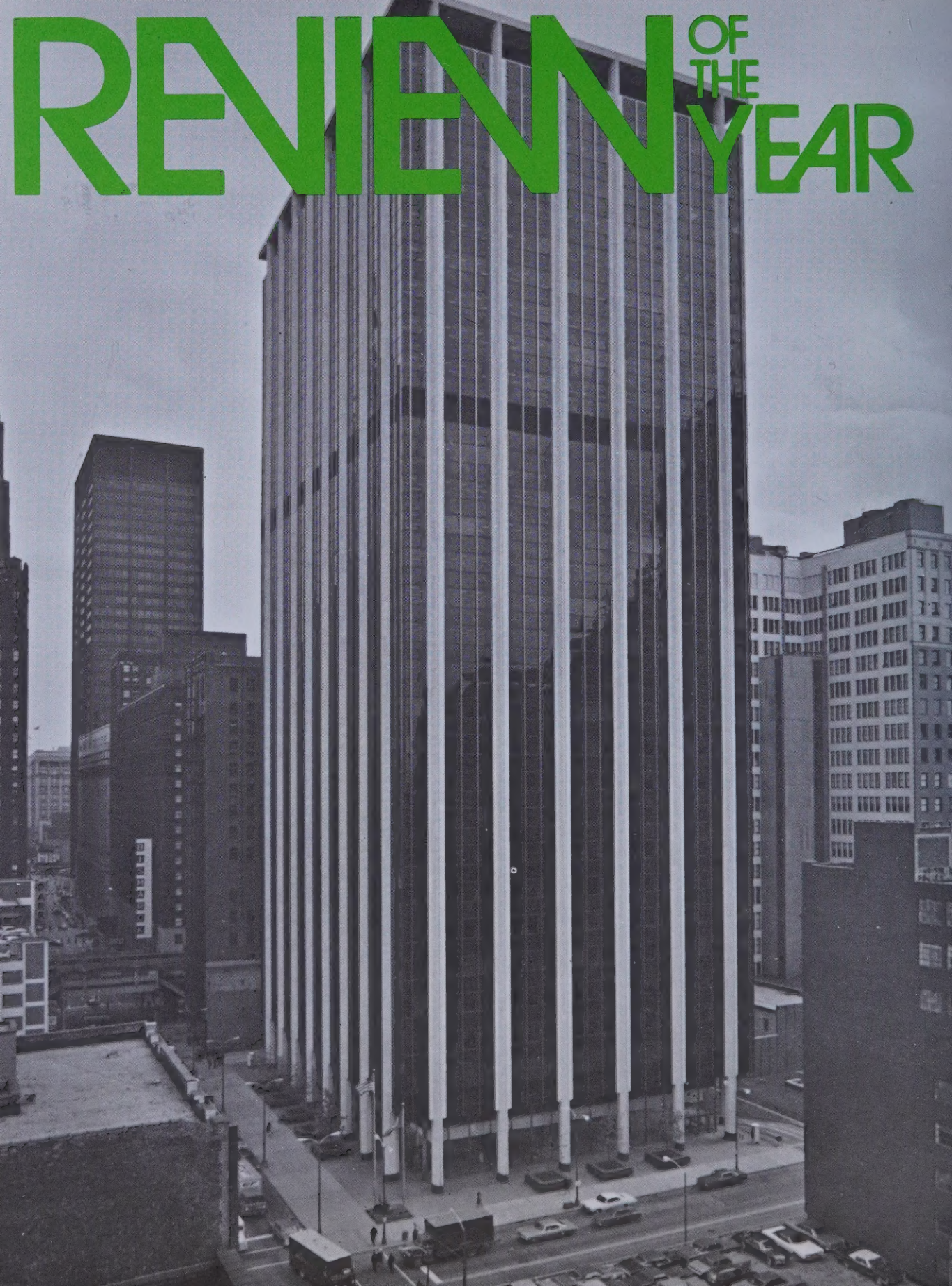
Railways —
Cb HSLA steel ore-carrying cars

Superconductivity —
Segmented rotor in field coil — 3250 hp
superconducting motor

Equipment —
Cb steel bolts for foundation of industrial
chimneys



REVIEW OF THE YEAR



Operations at Oka Mine

During fiscal 1972, the Oka mill treated 589,147 tons of ore. The average milling rate was 42,500 tons per month for the first half and 55,700 tons per month for the second half, for a total of 328 days of operation.

During the year 1972, a parallel circuit with a capacity of 10 to 15 tons per hour was built in the mill to test a new improved concentration process which would give higher recovery and lower reagents costs. This parallel circuit is now being operated regularly and is approaching the final stage of testing. Results to date are encouraging and sustain hopes of switching the complete mill to this new process.

Ore Development

At the end of the year, the mine had 1,035,000 tons of developed ore. Of this, 375,000 tons was broken ore and 160,000 tons was drilled and ready for blasting.

Development work which was resumed in April-May 1972 above the 1000-ft. level has been pursued mainly towards Main Oka on two different levels. At the 1000-ft. level, an additional length of 435 feet of drift was driven, while on the 500-ft. level, the length of the drift was 1176 feet. Presently, on both levels, stope preparation work is in progress and it is anticipated that this Main Oka orebody will be supplying mill feed by the spring of 1974.

Some stope preparation work is also in progress since the end of fiscal 1972 on a west zone, located near the present operating stope. Mill feed is expected to come from this zone at the end of 1973. Also, some station development work is being done near the bottom of the shaft to install loading facilities and prepare an opening for a future development heading for the orebody below the 1000-ft. level.

Reserves

Approximately 11,000 feet of diamond drilling was carried out during the year, 5400 feet of which provided more accurate definition of orebodies. The balance, 5600 feet, represents footage directed at exploration objectives below the 1000-ft. elevation, and extensions of known mineralization west of the main orebodies above the 1000-ft. elevation. Main Oka reserves were more accurately outlined and since the orebody straddles the common boundary (Main Oka — St. Lawrence Columbium), the tonnages were more precisely divided between the two ownerships

Being ever-mindful of the requirements of its consumers and noting increases in world consumption, your company embarked on an extensive diamond drilling program. The geologically favorable area in the vicinity of our common boundary with Main Oka became our target. After initial success in "exploration" holes, follow-up definition drilling has outlined 1.1 million tons of "diamond drill indicated ore". (See "Reserves", Main Oka — Page 15 of this report).

In summary, proven reserves on the St. Lawrence property are made up of 1.7 million tons averaging 0.47% Cb_2O_3 above the 1000-ft. level and 3.4 million tons averaging 0.49% Cb_2O_3 below the 1000-ft. level, for a total of 5.1 million tons averaging 0.483% Cb_2O_3 . Reserves of Main Oka accessible from St. Lawrence mine workings and above the 1000-ft. level total 1.9 million tons averaging 0.46% Cb_2O_3 , of which 1.1 million tons is "diamond drill indicated ore". Thus after milling 589,147 tons during the year, proven reserves stand at 7.0 million tons averaging 0.477% Cb_2O_3 .

Development statistics

WORK COMPLETED DURING FISCAL YEAR (IN FEET)	1972	1971	1970	1969	1968
Drifts 10' x 12' or larger	2196	2572	6204	3934	1432
Sub-level drifts and cross-cuts	1139	890	4502	2954	2085
Raises	567	973	2235	2428	2103

Construction —
HSLA Cb steel was used for the structural
framework
of the Illinois Bell Telephone Co. Building

THE COLUMBIUM MARKET

present and future

Demand for columbium products continued very strong throughout 1972 and we estimate that free-world consumption increased by another 15% during the year. This increase confirms the existing long term growth trend in columbium consumption, which has been in evidence since the early 1960's.

In the United States, the Bureau of Mines' preliminary figures for 1972 indicate an overall increase in columbium consumption of 23% over 1971. This figure is most impressive when compared to the estimated 10% increase in steel production for 1972.

Growing demand in the U.S.A. is likely to be followed by other industrialized nations as happened in the past with regard to other metals such as tungsten and molybdenum. Present consumption is supported mainly by the now general use of columbium as a micro-additive in high-strength low-alloy steels for a steadily broadening range of applications.

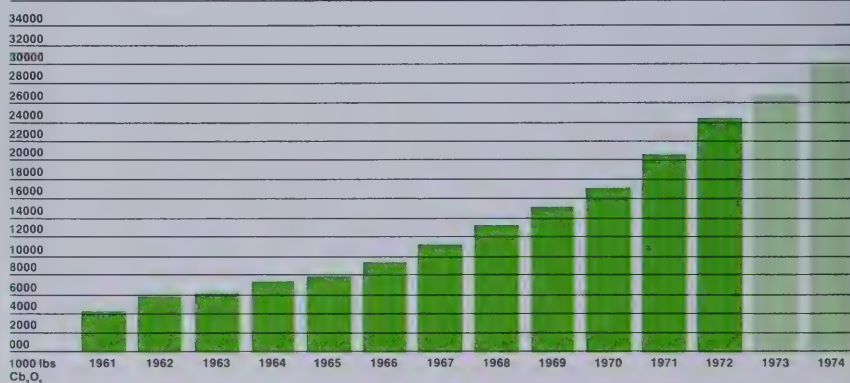
Future growth should come in part from the higher volume of steel production but also, and possibly most importantly from the new uses for columbium in high technology applications.

These would include:

- **High-strength low-alloy steels** used for pipelines for oil and gas transportation, structures for buildings, bridges, ships, and automobile parts;
- **Stainless steels** used in the chemical industry and other industries with anti-corrosion requirements;
- **Superalloys and columbium base alloys** for high temperature applications, mainly for aircraft and industrial gas turbines and atomic reactors;
- **Columbium metal** for aerospace applications and superconductors.

Next to the low-alloy steel applications, the most exciting as well as the largest potential could be that of the superconductivity applications. The use of high-intensity magnetic fields to support super-fast trains at speeds of 300 m.p.h. could represent a tremendous breakthrough in the mass-transport systems required throughout the world.

columbium (NIOBIUM)
consumption curve
(non-communist world)



Structural —
Ontario Place ►

Space vehicles —
Cb engine skirts for Apollo

Turbine engines —
Cb alloy cast intake fan





EXPLORATION ACTIVITIES, OTHER INTERESTS

We present here a brief report on exploration activities and summary information on affiliated companies, held by St. Lawrence Columbium either directly or indirectly through its subsidiary, Antiquois Mining Corporation. Antiquois is a wholly-owned holding/financing/management vehicle used by St. Lawrence Columbium in respect of most of its exploration activities and interests, other than the Oka Columbium properties.

The chart below shows the interest held by the St. Lawrence Columbium group in its affiliated companies whose activities are described hereinafter.



(1) Company resulting from the amalgamation of Consolidated Pershcourt Mining Ltd. and Abitibi Silver Mining Corporation.

(2) Company resulting from the amalgamation of Barvalée Mines Ltd., Consolidated Monpas Mines Limited and Atlanta Mines Ltd.

OKA COLUMBIUM AND METALS LTD.

Authorized Capital: 5,000,000 common
shares
Issued: 2,500,007 shares

Oka Columbium & Metals Ltd. holds a property consisting of 815 acres located within the favorable Oka complex and adjoining the 1282-acre property of St. Lawrence Columbium.

Previous diamond drilling outlined a high grade mineralized zone of 600 feet in strike length. It is located 7000 feet from St. Lawrence Columbium's operating shaft.

Mineralogical and metallurgical tests from diamond drill core were conducted in St. Lawrence Columbium's laboratory and have shown that this material is amenable to the company's current mill processes.

Due to the present known reserves on the company's property and on that of its subsidiary, Main Oka Mining Corporation, no extensive exploration program will be carried out on the property for the time being but exploration work by way of diamond drilling, necessary for the renewal of mining claims, will be made this summer on the property.



MAIN OKA MINING CORPORATION

Authorized Capital: 3,000,000 common shares
Issued: 2,050,007

Main Oka Mining Corporation, owned 43% by St. Lawrence Columbium has leased to the latter its 403-acre adjoining property. Under the terms of the lease, exploitation of any commercial deposit will be carried out on a profit-sharing basis with St. Lawrence Columbium.

During the fiscal year of 1972, St. Lawrence Columbium, as part of its development program, has gained access to the first orebody of Main Oka on the 500-ft. level and on the 1000-ft. level. Stope preparation has been progressing since then and ore production is expected to start from this orebody in early spring of 1974.

Reserves

At fiscal year end, total reserves were 822,000 tons averaging 0.52% Cb_2O_3 . This represents Main Oka's portion of an orebody straddling the Main Oka-St. Lawrence Columbium boundary and which is currently being developed — under lease — by St. Lawrence from its mine workings.

Since the fall of 1972, St. Lawrence has undertaken an exploration diamond drilling program from underground drill stations. Approximately 23,000 feet of drilling had been completed by mid-May, 1973. Confined to geological objectives above its main haulage and crushing level (1000 feet), new and very promising zones of ore grade mineralization have been intersected.

A "first objective", 1.1 million tons averaging 0.42% Cb_2O_3 with excellent metallurgical qualities (more or less 80% CaCO_3), has been diamond-drill outlined. Extensions of this ore zone, "112", to 1000 feet of strike length — from the 400 feet which equate to the 1.1 million ton estimate — has also been demonstrated by the drilling. However, the frequency of intersections does not yet provide enough data for calculation of tonnage and grade estimates.

Mine workings from the St. Lawrence Columbium haulage levels, 500-ft. and 1000-ft. levels have already progressed 500 feet and 460 feet respectively and were within 300 feet and 150 feet of these drill outlined reserves as of May 15, 1973. Plans to develop the tonnage for ultimate mine production are well underway.

A parallel zone of ore-grade mineralization, nearly twice the width of "112" has been located approximately 150 feet west of "112". Drilling continues to provide encouraging results with ultimate potential of this second zone perhaps even more encouraging than zone "112".

LAKE ST-JOSEPH IRON LTD.

Authorized Capital: 10,000,000 common shares
Issued: 3,333,336 shares

Lake St. Joseph Iron Ltd. is the owner of 73 patented mining claims covering an area about 6.5 miles long and up to 1.5 miles wide, in the lake St. Joseph district of north-western Ontario, near the Steep Rock iron deposits. Exploration work has been carried out on this property by the Algoma Steel Corporation, Limited with whom an exploration agreement was reached in 1968.

Negotiations with Algoma were finally resumed in May and are well under way, on an option and lease agreement providing for firm commitments to be taken by Algoma to spend additional amounts to further explore the property, complete metallurgical tests and fully assess the profitability of the property.

The terms and conditions of the lease during which the iron ore reserves would be exploited is the subject of current negotiations. Algoma has indicated its intention to finalize negotiations soon in order to start working on the property as early as possible.

ALBARMONT MINES CORPORATION

Authorized Capital: 5,000,000 common shares
Issued: 1,885,907 shares
Shares listed: Canadian Stock Exchange

A company resulting from the amalgamation of Barvallée Mines Limited, Consolidated Monpas Mines Limited and Atlanta Mines Ltd.

This company owns the following prospects:

- 1) The former Barvallée property of 1200 acres, adjoining Vendôme Mines Ltd., Fiedmont Township, northwestern Quebec. Exploration diamond drilling previous to 1969 intersected two narrow bands of massive sulfide mineralization estimated to represent in the order of 200,000 tons averaging more than 5% zinc, 1.0% copper and 1.0 oz. silver per ton respectively. Any plan for exploitation of Vendôme's reserves would likely provide impetus for further exploration and development of these claims.
- 2) Consolidated Monpas property of 963 acres located in Duvernay Township, northwestern Quebec. Exploration carried out in 1971-1972 by Soquem, totaling \$145,000, did not produce encouraging results. Soquem having terminated its agreement, the large number of claims staked at the outset were allowed to lapse and only the central core of the property has been protected.

GASPE METALS LTD.

Authorized Capital: 5,000,000 common shares Issued: 1,966,009 shares

Gaspé Metals Limited has concluded a joint venture agreement with Anaconda American Brass Ltd., a Canadian subsidiary of The Anaconda Company, for exploration of its 441-acre Holland Township copper prospect, which adjoins the 11,000 tons-per-day Gaspé Copper operation of Noranda Mines Ltd., in the Gaspé Peninsula.

Under the terms of the agreement, Anaconda American Brass had agreed to spend \$50,000 by May, 1971 and another \$100,000 by May, 1972, if warranted by initial exploration and development results.

Up to now, an amount of \$219,000 has been spent on the property by Anaconda and a one year delay, up to May 30, 1973, has been granted to Anaconda in order to implement the proposed exploration program.

Anaconda has recently given notice that they wish to exercise the option provided by the agreement of May 1, 1970, and proceed to form a "new company". Gaspé Metals Limited will receive 10% of the shares of the "new company", and a right to contribute capital for further equity (40% Gaspé — 60% Anaconda) in the "new company". Gaspé's total percentage interest could reach 46% if all options to contribute to "calls" were exercised.

Anaconda has also expressed interest in a possible joint venture in lieu of forming a "new company".

Authorized Capital: 5,000,000 common shares
Issued: 1,072,194 shares
Shares listed: Canadian Stock Exchange

Abcourt Metals Inc., resulting from the amalgamation of Consolidated Pershcourt Mining Ltd. and Abitibi Silver Mining Corporation, now holds two adjoining silver/zinc properties, covering 800 and 3000 acres respectively, in Barraute Township, near Val d'Or, northwestern Quebec.

Previous work on the Pershcourt property, both surface diamond drilling and through shallow (450 feet) underground workings, provided data for estimates of tonnage and grade. "Indicated" and "possible" reserves total in the order of 1-2 million tons containing 3-4% zinc and 4-7 oz. silver per ton. Variables such as minimum mining widths, daily tonnages treated, cut-off grade for tonnage calculations, etc. will dictate the details of any reserve tonnage on which to base any plan to mine these reserves. With metal prices at the current high levels, zinc at .215¢ per lb., silver at \$2.50 per oz., these reserves assume an obviously enhanced evaluation.

During the year, Canadian Jamieson terminated its option on the property and Abcourt is now free to either negotiate with other interested organizations or proceed with its own plan for exploiting these attractive reserves.

ABCOURT METALS INC.

ANACONDA IRON ORE (ONTARIO) LTD.

St. Lawrence Columbium owns 60,000 shares of Anaconda Iron Ore, representing 2% of the issued shares. This iron ore property is located in the Skibi Lake area of Ontario, approximately 140 miles north of Lake Superior.

In anticipation of bringing the property into production, Anaconda has done diamond drilling, has built an access road and a pilot plant and has carried out a great deal of the preliminary work. Concentrates produced from large open pit orebodies will yield excellent blast furnace and open hearth pellets, with very high iron content and extremely low residuals.

Anaconda Iron Ore and Oglebay Norton Company concluded an agreement on May 1, 1973, permitting Oglebay Norton a period of one and a half years to attempt to organize a consortium of consumers to exploit the Nakina iron property.

PASKA- KOWKASH IRON PROPERTIES

St. Lawrence Columbium owns a total of 41 patented claims, located in Paska and Kowkash Townships, northwestern Ontario, totalling 1640 acres and on which two magnetite deposits, grading over 25% iron and minable by open pit methods, have been located. These claims are near the Bralorne Resources Limited deposit which is under lease to The Algoma Steel Corporation Limited.

ANNUAL REPORT 1972



BALANCE SHEET AS AT SEPTEMBER 30

ASSETS

	1972	1971
CURRENT ASSETS		
Cash	\$ 258,356	\$ 129,917
Receivables less Reserve for Bad Debts (Lien)	586,650	308,735
Finished Products at Estimated Selling Price (Lien)	130,056	166,864
Mining Supplies at Cost	268,197	238,325
Prepaid Expenses	23,216	21,341
	<u>\$1,266,475</u>	<u>\$ 865,182</u>
DEFERRED		
Deferred Development Expenses — Lease on Main Oka Mining Corporation Property	\$ 265,027	\$ 144,142
Development Expenses on Other Properties	67,206	67,206
Interest on purchases payable by instalments	2,463	4,130
	<u>\$ 334,696</u>	<u>\$ 215,478</u>
INTEREST IN MINING COMPANIES		
Shares at Cost (No Quoted Market Value)	\$ 973,850	\$ 973,850
Advances	327,648	324,424
	<u>\$1,301,498</u>	<u>\$1,298,274</u>
FIXED ASSETS AT COST		
Land and Buildings	\$ 999,785	\$ 988,890
Shaft, Machinery, Equipment and Furniture	4,403,908	4,252,975
	<u>\$5,403,693</u>	<u>\$5,241,865</u>
Less: Accumulated Depreciation	2,841,283	2,541,249
	<u>\$2,562,410</u>	<u>\$2,700,616</u>
Mining Properties	1,945,858	1,945,858
	<u>\$4,508,268</u>	<u>\$4,646,474</u>
Incorporation and organization expenses	\$ 7,058	\$ 7,058
	<u>\$7,417,995</u>	<u>\$7,032,466</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

J.J. Gourd, Director

J. Monette, Director

LIABILITIES

	1972	1971
CURRENT LIABILITIES		
Bank Loan (secured)	\$ 245,000	\$ 240,000
Accounts and Wages Payable and Accrued Charges	792,291	240,495
Instalments on Equipment Maturing within One Year	17,711	17,252
Mortgage Secured Loan 7¾% Interest Quarterly Instalments Maturing within One Year	60,000	45,000
	<u>\$1,115,002</u>	<u>\$ 542,747</u>

OTHER LIABILITIES		
Instalments on Equipment not Maturing within One Year	\$ 1,252	\$ 14,377
Mortgage Secured Loan 7 ¾% Interest Payable by Quarterly Instalments of \$15,000, less Instalments Maturing within One Year	240,000	56,250
Loan from Diréctors Due January 1, 1974, 6½% Interest	197,850	197,850
	<u>\$ 439,102</u>	<u>\$ 268,477</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note)		
Authorized: 5,000,000 Shares \$1.00 Par Value Each		
Issued and Paid Up: 3,053,016 Shares	\$3,053,016	\$3,053,016
Premium	463,250	463,250
	<u>\$3,516,266</u>	<u>\$3,516,266</u>
CAPITAL SURPLUS	1,947,955	1,947,955
EARNED SURPLUS	399,670	757,021
	<u>\$5,863,891</u>	<u>\$6,221,242</u>
	<u>\$7,417,995</u>	<u>\$7,032,466</u>

Submitted with our report of December 7, 1972

Denis, Desmarais, Houle, Mooney et Associés.

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED SEPTEMBER 30

STATEMENT OF EARNED SURPLUS

	1972	1971 (Note)
VALUE OF PRODUCTION	<u>\$3,309,733</u>	<u>\$2,737,333</u>
Less:		
Cost of Production	\$3,096,349	\$2,381,774
Administrative and Selling Expenses	242,929	298,788
Financial Expenses	32,241	22,697
Outside Exploration	1,008	908
	<u>\$3,372,527</u>	<u>\$2,704,167</u>
OPERATING PROFIT (LOSS)	\$ (62,794)	\$ 33,166
Depreciation on Fixed Assets	<u>(294,557)</u>	<u>\$ (302,378)</u>
NET PROFIT FOR THE YEAR (LOSS)	<u>\$ (357,351)</u>	<u>\$ (269,212)</u>
NET PROFIT PER SHARE (LOSS)	(11.7¢)	(9¢)

Note: Value of production is restated to include all products while figures previously reported covered only concentrates plus gross profit on other products. Cost of production is restated to include all products while figures previously reported covered only concentrates.

BALANCE AS AT PREVIOUS SEPTEMBER 30	\$ 757,021	\$1,026,233
Add:		
Net Profit for the Year (Loss)	(357,351)	<u>(269,212)</u>
BALANCE AS AT SEPTEMBER 30	<u>\$ 399,670</u>	<u>\$ 757,021</u>

NOTE TO FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 1972

The following options to purchase shares of the capital stock of the Company were outstanding to various employees:

- 1) 2,000 shares at a price of \$2.50 per share expiring on October 1, 1974.
- 2) 67,000 shares at a price of \$2.00 per share of which 13,400 shares per year expire from 1973 to September 1, 1977.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED SEPTEMBER 30

FUNDS PROVIDED

1972

1971

Depreciation not Requiring Cash Outlays during the Year	\$300,035	\$305,947
Long Term Debts	170,625	(30,622)
	<u>\$470,660</u>	<u>\$275,324</u>

FUNDS APPLIED

Additions to Fixed Assets	\$161,828	\$608,147
Pre-Production Expenses — On property leased from Main Oka Mining Corporation	120,884	47,278
Advances to Subsidiary Companies	3,223	5,242
Net Loss for the Year	357,351	269,211
Deferred Interest	(1,666)	4,129
	<u>\$641,622</u>	<u>\$934,010</u>
Decrease in Working Capital	170,961	658,685
	<u>\$470,660</u>	<u>\$275,324</u>

TO THE SHAREHOLDERS OF ST. LAWRENCE COLUMBIUM AND METALS CORPORATION.

We have examined the balance sheet of St. Lawrence Columbiu and Metals Corporation as at September 30, 1972 and the statements of profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statements of profit and loss and earned surplus and the note attached to financial statements, present fairly the financial position of the Company as at September 30, 1972 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Denis, Desmarais, Houle, Mooney
et Associés.

Montreal, December 7, 1972.

AUDITORS' REPORT

Photos Courtesy of:

Teledyne Ryan Aeronautical (USA)
Inland Steel Company (USA)
Creusot-Loire (France)
The Steel Company of Canada, Limited (Canada)
Fansteel Metallurgical Corporation (USA)
Dominion Foundries Steel Limited (Canada)
Fagersta Brucks AB (Sweden)
Englehard Minerals & Chemicals Corporation (USA)
Deutsche Edelstahlwerke AG (Germany)
International Research and Development Co. Ltd. (England)
Massey Ferguson Industries Limited (Canada)
Illinois Bell Telephone Co. (USA)
Armco Steel Corporation (USA)

Conception / André Bénard & Associés Inc.

This report is not intended to be a solicitation or an offer to buy or sell shares of the Company and is issued only for the purpose of keeping its shareholders informed.

All technical information is based on published sources as well as other sources which the company considers to be reliable.

Agricultural equipment —
Cb steel is used in some components of MF
equipment



**st. lawrence columbium
and metals corporation** **annual
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(NO PERSONAL LIABILITY)

